

**MAYOR'S ANNUAL REPORT TO THE BELLA VISTA CITY COUNCIL FOR
THE YEAR 2011 AS REQUIRED BY STATE STATUTE 14-58-302**

The fifth year of existence for the City of Bella Vista resulted in increased activity in all departments of the City and much preparation for continued growth and even development of a new department. The preparation for growth included planning for assimilating building inspection and ambulance run billing into the city from the ACC and the Ambulance Board respectively. The planning for a new department was for the City to open a street department in early 2012 and quit contracting with the BV POA for street repair.

As noted in last years annual report growth in both the Fire and Police departments occurred when additional positions were added as a result of the passage of the one cent sales tax. For 2011 those positions (7 in fire and 6 in police) were on board for the majority of the year. The residents of Bella Vista were promised that at least the first \$750,000 would be used for providing additional public safety protection within the City. For 2011 \$732,300.00 was spent in supporting those thirteen new positions. We are tracking the actual expenditures and are aware that for the first two years we have not spent the full \$750,000 per year for additional public safety. With these positions being full time for the entire year beginning in 2012 we should easily insure that at least \$750,000 will be spent each year and the over expenditure in future years will insure that the under expenditure for the first two years will be used so the promise to the residents will be fulfilled.

Within the fire department the runs for both fire and ambulance have continued to increase. That trend is expected to continue as long as our population continues to grow even slowly. The majority of our runs (over 67%) come from station 1 (town center). With that unbalanced activity we need to seriously consider construction of a new station to more evenly balance responses and at the same time provide more consistent timely service across the entire City.

The addition of a full time treasurer to maintain all financial records and provide necessary analysis to financial matters resulted in quicker response to all financial questions and increased analysis of various financial issues. This addition also relieved the prior treasurer to concentrate more heavily on human resource matters and the increasing workload on the various administrative tasks in the Administration department.

The need for strategic planning has been stressed many times throughout the first few years of our existence. It was most recently stressed by all candidates running for City Council in the November 2010 election. In September 2011 the City contracted with CEI to undertake the first strategic plan for the City. A core committee comprised of City and planning area residents was formed. They held several committee meetings and several input sessions with any interested residents and have gotten to a point in early 2012 where the first overall strategic planning

document for the City will be prepared. Continued attention will have to be paid to planning to insure necessary actions are completed in a timely manner to insure the planning results in action taken or in more detailed planning if needed.

City Administration moved from Suite 416 Town Center Northeast to building 406 Town Center Northeast in January 2011. The move increased our overall space and allowed all six administrative (including planning & code enforcement) personnel to have their own space with a couple of small meeting rooms for conferring with visitors. We are still conducting a considerable amount of City business with a very small staff and that situation will have to be reviewed during 2012. The telephone and drop in traffic has increased tremendously and it is becoming almost impossible to cross train everyone in the office to handle all the situations that arise on a daily basis. Handling the comments/questions about street issues takes considerable time. Those questions may be able to be switched to the City street department when it becomes operational. Another area that is taking increasing amounts of time is in the human resources area. With the addition of personnel in the work force already occurring and the projected increase of 15 plus in the street department we definitely need to consider additional help in that area. As the street department is formed and assumes responsibility during the first half of the year, the possibility for restructuring responsibilities in the administration area or valid need for additional help will be reviewed

A financial review of the City for 2011 indicates the City is on a reasonably sound financial platform and actually has done quite well in stewardship of the taxpayers money during its first 5 years of existence. Revenue in the General Fund for 2011 totaled \$10,931,380. While some differences occurred among the various subaccounts, the overall revenue received was \$184,000 over the budget. This revenue total and the expenditures for the year resulted in approximately \$500,000 surplus and raised our General Fund surplus to \$4,900,000. Of this current surplus approximately \$800,000 is dedicated to future specific expenditures. The largest sum of dedicated surplus is for the promise to taxpayers to spend \$750,000 on increased public safety. For the first two years we have under spent that promise by about \$600,000 total. Primary reason for the under expenditure is the time it took to get the added employees on the payroll after we determined how much revenue the sales tax was going to generate. While \$4,000,000 may seem like a substantial surplus, a portion of it is needed to provide the working capital for our ongoing operations as revenue does not necessarily come in on a systematic basis. Also there will be issues coming up in the future where capital will be needed to buy land and or equipment for future expansions etc.

Street resurfacing was emphasized in the budget for 2011 and more funds were spent for resurfacing than in any of the first four years of the City's existence. A total of \$1.700,000 was spent on resurfacing with over 98% of that spent on two forms of resurfacing. We did not accomplish much of the Chip and Seal process this year as we concentrated most of the effort normally spent on that process instead in asphalt resurfacing. While asphalt resurfacing is more expensive than

chip and seal it provides a much smoother surface and should last longer. As noted in my annual report last year we began using more asphalt in an experiment to determine how it would hold up and how long it would last. Based on just one winter we continued the experiment this year and believe it will work well. We will continue to experiment and watch the results closely. The use of asphalt over chip and seal does not allow us to resurface as many miles of road. The other process of resurfacing used was the slurry seal process that has been used on many neighborhood roads for several years and still provides a very serviceable road at a much more reasonable cost than asphalt. This increased expenditure while not insuring our neighborhood roads are perfect did result in correcting the very worst roads in our City. We will continue to use whatever process we can that makes economic sense and provides a usable street surface.

The City web site was a subject commented on in the annual report last year where it was indicated a new site would be up and running early in the year. I was more optimistic than I should have been and I will have to repeat that prediction in this annual report. As I mentioned in an earlier paragraph in this report, this is one of the areas where the workload in the administrative section is increasing and we were unable to spend the time necessary to get the site up and running. We are closer than we were at this time last year but not quite there yet.

Challenges for the City still exist. Obviously adding the building inspection division and the ambulance run billing department at the first of the year are two immediate challenges to insure they are brought into the City as seamlessly as possible and continue to function in an efficient and effective manner.

As noted earlier in this report, another challenge will be to provide an additional fire station to more evenly distribute the call workload and provide consistent timely service throughout the City. The real challenge here is to identify a steady revenue source to provide the necessary funding for the personnel required to staff the station. The one time cost to build the station while a slight hurdle is probably doable by using some of our surplus and financing some portion over time.

The greatest challenge to the City as noted in most of my earlier annual reports entails adequately providing viable street repair and resurfacing to the many miles of street the City is responsible for. Immediately the challenge is to get up and running effectively a City street department by 13 May 2012. Our new street superintendent is busily engaged in purchasing equipment, obtaining and setting up a workplace, and recruiting employees (both POA and other) in order to start operation on that date. While the immediate challenge is consuming all of the efforts at the current time, the long range challenge of adequately funding street repair within Bella Vista will be with us for the foreseeable future and will require as many innovative and unique ways of funding and work accomplishment as we can come up with. Over 550 miles of street supported by a population of approximately 26,000 with a small economic base is going to be consistently challenging. Various viable funding sources proposed by the state legislature and

other interested parties for funding Arkansas roads including City streets needs to be researched and supported in any way we can.

While this report highlights many areas, there will undoubtedly be others occurring on a daily or weekly basis that will require decisions and actions taken. I purposely did not comment on the recent action to annex selected areas into the City. Those actions as you are all aware have been started and none of us are sure what the final outcome will be. If the annexations are successful than some additional efforts will be required to insure actions are completed to bring those areas into the City and adequate services are provided.